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STATINTL

Calls CIA Chief Victim of Red Lies About Tools

BY WILLARD EDWARDS

(Chicago Tribune Press Service)

Washington, Oct. 23—Senate investigators were told today that the chief of America's foreign intelligence system had been a victim of pro-soviet propaganda about Russia's industrial capacity.

Allen W. Dulles, soon to retire as director of the central intelligence agency, was quoted as telling an audience in April, 1959, that Russia's machine tool industry was producing at a rate of four to one in comparison with the United States.

This was a gross misstatement of fact, an expert witness said. He opined that it was unintentional on Dulles' part and had been "put into" his statement.

Says Report Helped Reds

But the result, he asserted, was to give support to Russia's drive to purchase high-grade machine tools for military purposes in western Europe, and the United States on the theory that an embargo on such shipments would only deprive American businessmen of profits and not hurt the Soviet Union war potential.

The witness was Dr. Joseph A. Gwyer, former military intelligence specialist at the Pentagon and now senior research specialist at the Library of Congress on the subject of Russian industry.

The facts about the machine tool industry in Russia, gathered from Russian sources, he said, were that its machines are obsolete, of World War I type, and lagging far behind American machines in technology.

Better Tools Weapons

Machine tools sent to Russia are even more valuable than weapons because machine tools can be used to make more weapons.

The witness also said that Kenneth B. Keating (R-N.Y.), as acting chief of the committee's inquiry into the machine tool export control problem, had

particular reference to exports to the soviet bloc which could help its military might.

"Khrushchev has threatened our annihilation and burial," commented Keating. "It is ridiculous and suicidal for America to contribute to soviet strength."

Recall Jets for Tito

In the Kennedy's administration's last public comment on this subject, Secretary of State Dean Rusk and Secretary of Commerce Luther Hodges said on Aug. 21 that a ban on exports of strategic materials to the soviet bloc was still under consideration.

Since that date, public controversy has been intensified by the revelation that jet planes have been shipped to Yugoslavia and pilots are being trained for them here. Gwyer said he could see nothing but danger in this incident for the United States.

Gwyer told of his attempts to counteract propaganda which exaggerated Russia's industrial development. He said magazines and newspapers refused to print his material. He blamed British editors and experts for much of the pro-soviet propaganda.

Quotes Soviet Complaints

He put into the record a translation of the proceedings of a plenary conference in Russia last February in which leading Soviet Union engineers assailed the sub-standard quality of their machine tool equipment, complained of the quality of raw materials, and concluded that soviet industry was suffering from "chronic deficiencies."

"This shows why they must buy machine tools elsewhere," Gwyer commented.

Great Britain, France, and West Germany are all shipping strategic materials to the soviet bloc, the hearing revealed, but provisions of the Battle Act, a law passed in 1951, which prohibit American aid to any country engaging in such practices have never been enforced.